

**STATE OF TEXAS
COUNTY OF BEXAR
CITY OF SAN ANTONIO**

**A BUDGET WORK SESSION OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO
WAS HELD AT THE HENRY B. GONZALEZ CONVENTION CENTER, ROOM 217,
WEDNESDAY, JUNE 24, 2009.**

The San Antonio City Council convened in a Budget Work Session at 9:00 am, Wednesday, **June 24, 2009**, at the Henry B. Gonzalez Convention Center, Room 217. City Clerk, Leticia M. Vacek noted a quorum of the Council with the following present: Cisneros, Taylor, Ramos, Cortez, Medina, Lopez, Rodriguez, Williams, Chan, and Mayor Castro. **ABSENT:** Clamp. Ms. Vacek reported that Councilmember Clamp was out of state attending a family reunion.

**1. CITY COUNCIL FY 2010 MAJOR POLICY AND BUDGET GOAL SETTING
WORKSESSION, ADDRESSING CITY SERVICE PRIORITIES AND FINANCIAL
POLICIES FOR THE FY 2010 PROPOSED BALANCED BUDGET AND THE FY 2011
BUDGET-PLAN, TO INCLUDE POSSIBLE ACTION ON MATTERS PRESENTED
AND DISCUSSED.**

Mayor Castro opened the meeting and stated that there were difficult decisions to be made due to the City's current economic conditions. He thanked the City Council for participating in the ballot process and asked that they work together to develop the best budget possible for the citizens of San Antonio.

City Manager Sheryl Sculley stated that the purpose of the Work Session was to develop consensus among the City Council at the policy level to assist staff in developing budget recommendations. She noted that five items would be addressed: 1) Budget and Financial Policies; 2) Status of FY 2009 Budget; 3) Review of Five-Year Financial Forecast; 4) Review of the Budget Ballot; and 5) Executive Session. She reported that detailed Budget Work Sessions would be held in August and September and that the FY 2009 Budget was balanced. She noted that the Community Initiatives and Public Works Departments were conducting comprehensive departmental budget reviews to develop innovative ways to provide services at lesser costs. Ms. Sculley introduced the facilitator, Tim Fallon, President of TSI Consulting Partners, Inc. noting that he possessed 25 years of Organizational Effectiveness experience.

Mr. Fallon reiterated that the goal was that the City Council reach a consensus regarding budget priorities to assist City Staff in the development of the budget. He explained that the ballot results would be utilized to review areas of priority, determine possible redirections, and identify other efficiencies. He stated that in an effort to move forward in a timely manner, he would seek a level of agreement sufficient for guidance to City Staff.

Ms. Sculley reported that Federal Stimulus Funds could not be utilized to supplant current programs. She recommended that the Reserve Fund be maintained at nine percent of the adopted budget and that it not be utilized for recurring expenses. She provided an overview of Financial Reserves for other cities, noting that San Antonio ranked 5th with a nine percent reserve level. She stated that the City Council had endorsed polity to develop a two-year balanced budget but that would be difficult given the \$67 million projected deficit for FY 2011. She spoke of the City Property Tax Rate and noted that

it had been reduced for FY 2009 and FY 2010 to reflect the City and County/University Health System consolidation of clinical health services. She noted that the General Fund and Enterprise Fund fees and rates were reviewed annually to evaluate and ensure full cost recovery of services provided.

Peter Zanoni, Budget Director, provided an overview of the FY 2009 Budget noting that all Funds totaled \$2.3 billion. He reported that FY 2009 City Council Budget Priorities were as follows: 1) Streets and Sidewalks; 2) Police Protection; 3) Fire Services; 4) Workforce, Business and Economic Development; 5) Neighborhood Improvements; 6) Youth, Seniors, Homeless, Parks and Library Services; and 7) Environmental Sustainability. He presented a breakdown of General Fund Available Resources by spending area and spoke of the Enterprise Funds, Special Revenue Funds, and Internal Services Funds.

Mr. Zanoni reported that the FY 2010 and FY 2011 General Fund Budgets had projected shortfalls of \$11.2 million and \$67.5 million, respectively. He noted proactive measures taken since November, 2008 to manage the FY 2009 Budget including a Hiring Freeze and Deferred Street Maintenance. He stated that Moody's national rating decisions over the next 12 to 18 months would include an analysis of local government budget and fiscal actions regarding mid-year budget adjustments and their Financial Reserve levels.

Mr. Zanoni spoke of the Five Year Financial Forecast and noted that it was a budgetary planning tool utilized to identify projected ending balances. He reported the following General Fund projections: 1) FY 2010 - \$11.2 million shortfall; 2) FY 2011 - \$67.54 million shortfall; 3) FY 2012 - \$66.15 million shortfall; 4) FY 2013 - \$60.88 million shortfall; and 5) FY 2014 - \$42.64 million shortfall. He explained that the FY 2010 shortfall of \$11.2 million did not include funding for Civilian or Uniform cost of living adjustments or continuation of the Pay Plan and other policy issues including new funding for Haven for Hope, Inc.

Mr. Zanoni discussed the General Fund Revenues and noted that the FY 2009 Re-estimate was \$49 million less than the planned budget amount. He outlined the budget variances as follows: CPS (\$34.5 million); Sales Tax (\$10.8 million); Property Tax (\$3.1 million); and Other Revenue (\$0.1 million). He provided the FY 2009 Sales Tax Monthly Collection from October through March and noted an average decrease of 7.2%. He spoke of the forecast of Sales Tax Revenue for FY 2009-2014 noting a shortfall of 5.4% for FY 2009. He discussed historical City Property Tax Value Growth and reported that the projected growth for FY 2010 would be less than the planned amount of 2.25%. He provided historical data of CPS Revenue and stated that the FY 2009 re-estimate was \$35 million below the budgeted amount. He reported that natural gas fuel costs for generation and resale were less than planned and that electrical and gas business sales had decreased due to moderate weather conditions. He reported that for April and May, the City had received \$1.2 million over the 6+6 Estimate in Sales Tax and CPS Revenues.

Mr. Zanoni stated that expenditure assumptions in the Forecast reflected funding to provide the current level of recurring City Services and removed FY 2009 One-Time Expenditures. He noted that the Forecast included the Five Year Infrastructure Management Program in FY 2010 and beyond, and funded the Parks Maintenance & Renovation and Playground Replacement Programs. He stated that it also included funding for the phase-in of higher retirement contribution rates identified by the Texas Municipal Retirement System (TMRS) and medical inflation factors for healthcare and worker's compensation.

Mr. Zaroni spoke of the Planning and Development Services Fund noting that a two-year reduction strategy had been implemented in January, 2008 to address the revenue shortfall. He explained that additional action had been taken in the second quarter of FY 2009 to mitigate a further decline in revenue.

Mr. Zaroni stated that the City of San Antonio Hotel Occupancy Tax Collections had experienced a decline from January through May 2009 and were anticipated to remain flat from June through September. He reported that the Airport Operating Fund Revenues were \$3.2 million below budget due to a five percent decrease in Enplanements and a decrease in the revenue from Parking, Car Rental Fees and Interest Earnings.

Mr. Zaroni compared FY 2009 General Fund Budgets and the projected FY 2010 Budget Shortfalls among eight other cities including Austin; Dallas; Hillsborough County, FL; Washtenaw County, MI; Las Vegas, NV; San Jose, CA; Los Angeles, CA; and San Diego, CA. He noted various measures being taken to reduce budget deficits including the elimination of positions and the postponement of bond sales.

Mr. Zaroni reported that the City was estimated to receive \$110 million in 13 Federal Economic Stimulus Fund program areas. He spoke of the FY 2009 Mid-year Budget Reduction Adjustments that included a better managed healthcare program and departmental efficiencies. Lastly, he outlined the budget calendar noting that the Proposed FY 2010 Budget would be presented on August 13, 2009 and adopted on September 17, 2009.

Councilmember Cortez asked of the need to continue the level of Reserve Funds at nine percent and the current balance of the fund. Ms. Sculley stated that she would not recommend lowering the level of reserves because it could affect bond ratings and that there was \$82 million available in the fund. Councilmember Rodriguez stated that it would be important for the City Council to establish a philosophy to maintain the reserve level and requested fiscal data for the City of Houston.

Councilmember Lopez asked of variables that affected the CPS Revenues from 2003 to 2004 and from 2008 to 2009. Ms. Sculley stated that Summer 2008 was extremely hot and the unit price of natural gas was very high. Those factors caused the large increase in revenue to the City. Ben Gorzell, Finance Director, reported that the substantial decrease in revenues from 2003 to 2004 were based on fuel prices and noted that there has been a significant fluctuation in the cost of natural gas since 2000. Councilmember Lopez asked of the new power plant and the impact to the projected revenue. Mr. Gorzell stated that the new coal plant, JK Spruce 2, would be online in the Summer of 2010 and had been factored into the projections.

Councilmember Ramos stated that although it was not her preference to utilize the Reserve Fund, she would be willing to review the possibility prior to eliminating city positions. She asked of the amount of property tax reduction due to the transition of clinical health services to the County/University Health System and the option to postpone the reduction. Ms. Sculley stated that the amount totaled \$900,000 and was the decision of the City Council on whether or not to roll back the property tax rate. Councilmember Cortez asked of the Enterprise Funds. Ms. Sculley reported that Enterprise Funds stayed within the respective department and were not transferred to the General Fund.

Mr. Fallon outlined the four Budget Policy Points: 1) Maintain Financial Reserves; 2) Utilize a Two-Year Balanced Budget approach; 3) Reduce the Property Tax Rate according to the established schedule; and 4) Ensure Revenue Adjustments are set for cost recovery. He stated that in the interest of time, he would focus on all but the Financial Reserves at this time. He asked if there were any concerns with the three policy points. Councilmember Taylor noted that a Two-Year Balanced Budget may not be achievable. Ms. Sculley agreed but stated that it should still be a goal and that steps should be taken to address the significant shortfall in FY 2010.

Councilmember Rodriguez asked of the revenue adjustments for cost recovery. Ms. Sculley stated that costs for services should offset expenses. Councilmember Williams asked of the process to determine expenses and fees. Ms. Sculley stated that service levels and costs were determined first and fees were based on the service provided. Councilmember Rodriguez asked of the ability to charge a higher fee for services that are punitive in nature. Ms. Sculley noted that it was possible to do so but some fees were set by state statute. Councilmember Cortez asked of the fees for the Summer Youth Program. Ms. Sculley stated that for that program, a schedule had been adopted based on the ability to pay so that those in the greatest need paid the least amount. Councilmember Lopez asked of the fees assessed for street work. Mr. Zaroni stated that the fees were deposited into the Right-of-Way Fund and did not affect the General Fund. Councilmember Ramos requested a list of revenues and fees.

Ms. Sculley summarized the City Council discussion by noting that all were generally agreeable to cost recovery for services provided and requested that staff review an increase in punitive fees. Councilmember Williams noted the importance of setting service levels first and then determining the cost.

Mr. Fallon confirmed that there was a consensus among the City Council to: 1) Utilize a Two-Year Balanced Budget approach; 2) Reduce the Property Tax Rate according to the established schedule; and 3) Ensure Revenue Adjustments are set for cost recovery and review an increase in punitive fees assessed.

At this time, Mayor Castro recessed the Budget Work Session at 10:43 am for a break and noted that the meeting would resume at 11:00 am. Mayor Castro reconvened the Budget Work Session at 11:06 am.

Mr. Fallon stated that the previous City Council and the City Manager had recommended that the City maintain a Reserve Fund. He asked if the City Council was in agreement to maintain the Reserve Fund at nine percent of the Adopted Budget. Councilmember Cortez stated that he was in support of reviewing various percentage amounts and not committing to nine percent at this time. He suggested maintaining a level of no less than eight percent but not more than nine percent. Councilmember Chan stated that the City of San Antonio was faring well compared to other cities and felt this was a good opportunity to better position the City in terms of economic development. She noted that she would only consider lowering the percentage of reserves if it was used to provide an economic advantage for the City.

Councilmember Lopez expressed his support for maintaining the reserve level at nine percent. Councilmember Ramos stated that her goal was to maintain a reserve level of nine percent but was also open to reviewing various percentage levels. She spoke of the decrease in revenues due to current economic conditions and noted that she would not be in support of eliminating city positions.

Councilmember Taylor expressed her support for maintaining the reserve level at nine percent noting that the Government Finance Officers Association recommended a level between 8-16% of operating expenses. Councilmember Williams also expressed support for maintaining the reserve level at nine percent.

Councilmember Medina expressed support for maintaining the reserve level at nine percent noting that the funds might be needed to address future catastrophic issues. Councilmember Rodriguez stated that he was in support of maintaining the reserve level at nine percent and that the Reserve Fund should not be utilized for recurring costs. Councilmember Cisneros expressed her support for maintaining the reserve level at nine percent and noted that funds would also be needed to support Stimulus Programs including additional Police Officers, if awarded. Mayor Castro expressed support for maintaining the reserve level at nine percent. He noted that based on the five-year forecast, this was not the time to decrease or utilize the Reserve Fund. He noted that the Reserve Fund had already been reduced in terms of real dollars due to the General Fund being reduced.

Mr. Fallon summarized the following: 1) Several Councilmembers are in favor of maintaining a reserve level of nine percent; 2) A few Councilmembers are will to explore lowering the reserve level to eight percent; and 3) Councilmember Chan is only willing to lower the reserve level for strategic purposes that would better position the City. Councilmember Chan noted that she was not in favor of taking any action that would decrease the City's Bond Rating. Councilmember Ramos requested the percentage of reserves for Bexar County.

Ms. Sculley introduced Assistant Budget Director Maria Villagomez who provided an overview of the results of the Ballot of City Services for Policy Direction. Ms. Villagomez explained that the Ballot of City Services consisted of two steps: 1) Rate City Services and Revenues – Indicates preferred level of financial resource allocation for 50 specific City Services and Programs and five Revenue Categories; and 2) Create Your Budget – Indicates relative importance placed on 10 major service categories. She outlined the five-point rating scale utilized for the Service and Revenue exercise and noted that the "Create Your Budget" exercise evaluated 10 categories and totaled \$9.85.

Ms. Villagomez summarized the results of rating of City Services and Programs as follows: 1) None had an average rating that would indicate tolerance of eliminating total program resources; 2) Nine programs had an average rating indicating that some level of resources should be reduced to fund higher priority services and programs; 3) There were 36 programs given an average rating indicating a desire to maintain current resources; 4) Four programs received an average rating of increasing resources only if additional funds become available; and 5) Only one program was assigned an average rating of increasing resources through additional funds. She provided a list of the programs identified for each of the ratings.

In regard to the Revenue Category, Ms. Villagomez reported that the results indicated that there should be an increase in the fees, fines and rates leveraged cover services costs such as code violations and swift water rescues. She noted that the results indicated that fees intended to have a low cost recovery rate structure, fees for basic City Services, user-driven fees, and the City Property Tax Rate should be maintained. Lastly, she stated that there was no indication that any rates be decreased.

Ms. Villagomez outlined the results of the "Create Your Budget" exercise noting that the most significant decrease had occurred in the Quality of Life Category that included Health, Human

Development, and Homelessness, which went from a current ballot allocation of \$0.74 to \$0.64. She spoke of the various comments that had been provided by the City Council.

Mr. Zaroni distributed a summary rating scale of the Service Delivery Priorities. Mr. Fallon explained that no final budget decisions would be made at this time and that the purpose of the exercise was to provide guidance to the City Manager regarding budget priorities. He noted that Page 1 of the handout represented an aggregate total of \$3 million. Councilmember Cortez stated that he was comfortable with the overall ballot results and noted that he would be willing to reduce funding for the Parks and Recreation and Neighborhood Services Departments in an effort to ensure appropriate funding for Public Safety and other priorities. He also noted the importance of Library Services for the community. Councilmember Taylor expressed concern with a reduction in funds for Affordable Housing Programs due to the negative effects that issues such as blighted properties have on the community.

Councilmember Ramos asked for additional information regarding the Affordable Housing Programs. Mr. David Garza, Neighborhood Services Director, stated that the majority of the funds were utilized for Rehabilitation Programs. Councilmember Ramos asked of the Diabetes Prevention Surveillance. Dr. Fernando Guerra stated that the Legislature had approved a two-year extension for the program that reviews Diabetes population measures provided by laboratories to identify interventions. He noted that it was an unfunded mandate that would place a significant burden on the Health Department Budget.

Councilmember Medina expressed support to maintain funding for the Rehabilitation Programs that assist Senior Citizens; specifically, to address needs such as handicap accessible bathrooms and ramps. Councilmember Chan expressed her support to maintain funding for the International Sister-City Program and spoke of the great potential for collaboration with Sister Cities in regard to Economic Development. Mr. Zaroni advised all that the correct aggregate total for Page 1 of the handout was \$7 million and not \$3 million as was previously stated. Mr. Fallon added that the results for the programs identified on Page 1 reflected possible redirection of funds and not elimination of the programs.

Councilmember Lopez asked of Chronic Homeless Services. Ms. Sculley stated that the budget included funding for direct service delivery to the homeless population and had been increased over the past year. She noted that the City was being asked to fund the administrative organization that manages the Haven for Hope Campus - Haven for Hope, Inc., and that amount was not included in the FY 2010 Budget. Councilmember Rodriguez asked of the funding for Early Childhood Professional Development. Ms. Sculley reported that funds were utilized to train Pre-Kindergarten Instructors and that the funding had been increased over the past three budgets. Councilmember Rodriguez spoke of the importance of Early Childhood Development and expressed his support for maintaining the current level of funding. He noted that funding for direct Library Services should not be decreased. Councilmember Cisneros stated that she was also in favor of maintaining the funding for Early Childhood Professional Development.

Mr. Fallon summarized that the City Council was in agreement that the programs listed on Page 1 needed further review specifically including the Sister-City Program; Affordable Housing Programs; Early Childhood Professional Development; Diabetes Prevention; and Library Services. Councilmember Cisneros recommended that the Health Department partner with other agencies

regarding Diabetes Prevention Services. Councilmember Medina concurred and noted that many residents in District 5 were affected by Diabetes.

Mr. Fallon referenced Page 2 of the handout and noted that the programs listed had been identified to maintain the current level of funding. Councilmembers Williams and Cortez expressed support for maintaining current resources for Infrastructure Management. Councilmember Cisneros expressed her support for maintaining the level of resources for those in the 2.7 Categories with the exception of the Environmental Policy on Air Quality due to the City possibly reaching a non-attainment status. In regard to the Quality of Life Category, Councilmember Ramos asked if the Child Care Services Program referenced in the handout included the Head Start Program. Dennis Campa, Community Initiatives Director, stated that the Head Start Program was federally funded and not included in the General Fund Budget. He explained that the referenced funding was provided to Delegate Agencies to provide child care to their participants. Councilmember Ramos requested the previous four years of funding provided to Seton Home.

In response to a question from Councilmember Lopez, Mr. Campa confirmed that City funding used to monitor the Head Start Program would not be decreased and staff would continue to provide oversight.

Councilmember Ramos expressed concern with the redirection of funds for KidQuest and asked of the possibility of increasing the fee for the program to continue the same level of service. Councilmember Rodriguez expressed support for maintaining the level of resources to address Mission Verde Initiatives.

Mayor Castro recessed the Budget Work Session at 12:06 pm for lunch and noted that the meeting would resume at 1:00 pm. Mayor Castro reconvened the Budget Work Session at 1:11 pm.

Mr. Fallon reported that the session would resume with discussion regarding Police Protection and Public Safety. Ms. Sculley stated that she had requested proposed reductions totaling up to three percent of the budget from the Police and Fire Departments that did not include cuts to Sworn Personnel. She spoke of the support requirements for additional Police Officers that were requested through Stimulus Funds. Mr. Fallon outlined the following three recommendations by the City Manager in regard to Public Safety and requested feedback: 1) No cuts to Sworn Personnel; 2) Support requirements of Stimulus Funds; and 3) Up to 3% reduction in Public Safety Departments.

Councilmember Chan expressed support for the three recommendations. Councilmember Cisneros also expressed her support for the recommendations regarding Public Safety and requested additional information on the Stimulus Funds required for the future.

Mr. Fallon requested a show of hands in favor of the City Manager's recommendations regarding Public Safety. The vote for the City Manager's recommendation prevailed as follows: **AYES:** Cisneros, Taylor, Ramos, Cortez, Medina, Lopez, Rodriguez, Williams, Chan, and Mayor Castro. **NAYS:** None. **ABSENT:** Clamp.

Councilmember Rodriguez asked of the possibility of adding Police Officers if the 100 that were requested through Stimulus Funds were not approved. Ms. Sculley stated that it would be possible to do so through the regular budget process.

Mr. Fallon stated that the Council would next address Housing and Neighborhood Services. Mr. Zaroni reported that the categories of Code Compliance Enforcement and Aggressive Code Enforcement totaled \$7 million. He noted that the Animal Care Programs and Services budget was \$8 million and had doubled over the last three years due to the new Animal Care Services Facility and direction from City Council. Ms. Sculley spoke of the Five-Year Strategic Plan to manage the animal population and the many resources needed.

Councilmember Ramos asked of free Animal Care Services. Mr. Gary Hendel stated that the amount of free services provided was minimal and totaled \$1,500 per year. Ms. Sculley noted that there was an Interlocal Agreement in place with Bexar County to provide Animal Care Services. Councilmember Lopez asked of the No-Kill Goal for 2012. Assistant City Manager T.C. Broadnax stated that staff was trying not to focus primarily on the No-Kill Goal but to provide better services on a daily basis. Councilmember Lopez asked that staff continue to address issues relative to the health of the community. Mayor Castro spoke of the history of issues related to Animal Care Services and noted that although strides had been made, there was still much progress needed. Mr. Fallon summarized that within Animal Care Services, the City Council was in agreement that cuts or reductions should only be made that did not inhibit significant progress toward the No-Kill Goal and good animal control population objectives.

Mr. Zaroni outlined the San Antonio Education Partnership Program noting that there were 25 schools participating with a budget of \$2.6 million. He stated that the Economic Development Incentive Fund had a one-time allocation of \$4 million in FY 2009 that had been reduced mid-year by \$1.6 million and no funds were projected for FY 2010. He noted that the City Center Office had a budget of \$800,000 and that \$2 million had been allocated for BRAC but no funds had been spent to date. Within Education and Workforce Development, he noted a \$2.6 million budget that included funding for programs such as Goodwill and Project Quest.

Councilmember Rodriguez asked of funding for BRAC. Mr. DiGiovanni stated that the \$2 million had not been spent. Councilmember Rodriguez asked of the City Center Office. Ms. Sculley noted that \$800,000 had been redirected from Economic Development to focus on the Downtown Area. Mr. DiGiovanni confirmed that it also focused on surrounding neighborhoods that had been identified by the Community Revitalization Action Group (CRAG) encompassing 36 square miles of the city. Councilmember Rodriguez stated that he would support maintaining the City Center Office at the same level.

Councilmember Chan expressed concern that there were no funds available in the Economic Development Incentive Fund (EDIF) and requested that the City Council consider allocating funds toward the EDIF.

Mr. Fallon asked for a show of hands on maintaining the current level of funding for the San Antonio Education Partnership (SAEP). The results were as follows: **AYES:** Cisneros, Taylor, Ramos, Cortez, Medina, Lopez, Rodriguez, and Mayor Castro. **ABSENT:** Clamp. Councilmembers Williams and Chan preferred a potential redirection of funds from the SAEP.

Mr. Fallon asked for a show of hands on continuing funding for the EDIF. The results were as follows: **AYES:** Cisneros, Taylor, Ramos, Cortez, Medina, Lopez, Rodriguez, Williams, Chan, and Mayor Castro. **ABSENT:** Clamp.

Ms. Sculley asked of possible redirections to fund the EDIF. Councilmember Rodriguez expressed concern with the process of reviewing the ballot results by category. Ms. Sculley noted that staff was looking for feedback from the City Council regarding possible redirections. Mr. Fallon explained that the Councilmembers completed their ballots individually and the purpose of reviewing them collectively was to ensure consensus among the City Council. Councilmember Williams stated that for some categories, there was not enough information provided to make an informed decision.

Mr. Fallon asked if the City Council had comments in regard to the results for Library Services. Mr. Zaroni estimated that \$5 million was dedicated to Operating Costs; \$3.5 million was designated for Books and Materials; and \$4 million was allocated toward Technology.

Mr. Fallon asked for a show of hands to maintain funding for Library Services. The results were as follows: **AYES:** Cisneros, Taylor, Ramos, Cortez, Medina, Lopez, Rodriguez, Williams, Chan, and Mayor Castro. **ABSENT:** Clamp.

Councilmember Taylor asked of the role of the San Antonio Library Foundation. Mr. Ramiro Salazar stated that the Foundation was actively involved in fundraising efforts for specific enhancement programs and could possibly assist with purchasing materials.

Mr. Fallon provided results from the "Create Your Budget" Exercise and asked for confirmation from the City Council. Councilmember Cortez expressed concern with the two-cent decrease in Library Services. Councilmembers Williams and Ramos expressed concern with the large decrease in the Quality of Life category. Councilmember Taylor expressed support for maintaining or increasing funding for Housing and Neighborhood Services.

Mr. Fallon summarized that the results reflected the will of the Council but noted concerns in the Library Services, Quality of Life, and Housing and Neighborhood Services categories. Mayor Castro stated that he was also concerned with the large decrease in the Quality of Life category and that he would prefer to protect direct services to individuals rather than utilize funds for items such as landscaping.

Ms. Sculley thanked the Mayor and Council for participating in the Budget Work Session and noted that staff would continue to identify efficiencies and reductions. Mayor Castro thanked all for their participation and noted that the process had been helpful.

EXECUTIVE SESSION

At this time, Mayor Castro Session recessed the Budget Work Session at 2:30 pm to convene in Executive Session for the purpose of:

- A. Deliberate competitive matters regarding CPS Energy's Strategic Energy Plan and discuss related legal issues pursuant to Texas Government Code Section 551.086 (competitive matters) and Texas Government Code Section 551.071 (consultation with attorney).

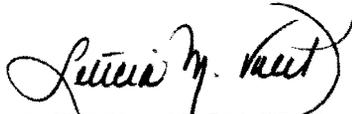
Mayor Castro reconvened the Budget Work Session at 5:12 pm at which time it was noted that the City Council had been briefed on the above-styled matter but took no action. There being no further discussion, Mayor Castro adjourned the Budget Work Session at 5:12 pm.

A P P R O V E D



JULIÁN CASTRO
MAYOR

Attest:



LETICIA M. VACEK
City Clerk